

Senate File 2215 - Introduced

SENATE FILE 2215

BY SMITH

A BILL FOR

1 An Act relating to interest earned on school district cash
2 reserves and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.34, Code 2016, is amended to read as
2 follows:

3 **257.34 Cash reserve information.**

4 1. If a school district receives less state school
5 foundation aid under section 257.1 than is due under that
6 section for a base year and the school district uses funds
7 from its cash reserve during the base year to make up for
8 the amount of state aid not paid, the board of directors of
9 the school district shall include in its general fund budget
10 document information about the amount of the cash reserve used
11 to replace state school foundation aid not paid.

12 2. If a board of directors of a school district designates
13 the interest earned on cash reserve funds during a budget year
14 as miscellaneous income under section 298A.2, subsection 2, the
15 board of directors of the school district shall include in its
16 general fund budget document information about the amount of
17 interest so designated.

18 Sec. 2. Section 298A.2, Code 2016, is amended to read as
19 follows:

20 **298A.2 General fund.**

21 1. All moneys received by a school corporation from taxes
22 and other sources must be accounted for in the general fund,
23 except moneys required by law to be accounted for in another
24 fund.

25 2. A school district's cash reserve funds shall be deposited
26 and accounted for in the general fund. Any interest earned on
27 cash reserve funds during a budget year may be added to the
28 district's existing cash reserve amount within the general fund
29 or may be designated by the school board to be miscellaneous
30 income and used for any general fund purpose during any
31 subsequent budget year. Amounts designated as miscellaneous
32 income shall not be included in district cost.

33 Sec. 3. APPLICABILITY. This Act applies to school budget
34 years beginning on or after July 1, 2016.

35 EXPLANATION

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill provides that school districts' cash reserve funds
4 shall be deposited and accounted for in the school district's
5 general fund. The bill also provides that any interest earned
6 on cash reserve funds during a budget year may be added to the
7 district's existing cash reserve amount within the general fund
8 or may be designated by the school board to be miscellaneous
9 income and used for any general fund purpose during any
10 subsequent budget year. However, the amounts designated as
11 miscellaneous income shall not be included in district cost.

12 Under the bill, if a school board designates the interest
13 earned on cash reserve funds during a budget year as
14 miscellaneous income, the board of directors of the school
15 district shall include in its general fund budget document
16 information about the amount of interest so designated.

17 A school district's miscellaneous income may affect the
18 district's amount of authorized expenditures. Under current
19 Code section 257.7, the authorized expenditures of a school
20 district during a base year shall not exceed the lesser of the
21 certified budget for that year plus any allowable amendments,
22 or the authorized budget which is the sum of the combined
23 district cost for that year, the actual miscellaneous income
24 received for that year, and the actual unspent balance from the
25 preceding year.

26 The bill applies to school budget years beginning on or after
27 July 1, 2016.